

**Conditional Acceptance**

- (a) If Buyer determines, in its sole discretion, to accept Goods with a defect or non-conformance, Buyer may withhold from any related payment to Seller an amount equal to the greater of (i) the Contract price of the defective or non-conforming Goods, or (ii) the amount withheld by Buyer's customer related to the defective or non-conforming Goods (such amount, the "Nonconformance Value"). If the amount payable for the defective or non-conforming Goods is insufficient to cover the Nonconformance Value, Buyer may withhold against any amounts due to Seller under this Contract or other contracts between Buyer and Seller.
- (b) If Seller notifies Buyer of a defect or non-conformance in the Goods after Buyer has paid the Contract price for such Goods, regardless of whether Buyer has accepted the Goods, Buyer may withhold the Nonconformance Value from any amounts due to Seller under this Contract or other contracts between Buyer and Seller.
- (c) If Seller remedies the defective or non-conforming Goods in accordance with this Contract, Buyer shall pay Seller the withheld Nonconformance Value, minus any amounts Buyer may otherwise be entitled to in accordance with this Contract.